SARAWAK CABLE BERHAD
(456400-V)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Revenue		67,655	106,286	268,576	368,310
Cost of sales		(60,298)	(99,521)	(242,573)	(332,542)
Gross profit		7,357	6,765	26,003	35,768
Other operating income		5,018	1,092	6,539	1,641
Administrative expenses		(3,314)	(4,127)	(11,094)	(8,391)
Other operating expenses		(6,372)	(1,145)	(9,672)	(4,060)
Operating profit		2,689	2,585	11,776	24,958
Finance costs		(237)	(262)	(1,589)	(671)
Profit before tax	8	2,452	2,323	10,187	24,287
Income tax expense	9	(989)	723	(3,796)	(4,932)
Profit for the period		1,463	3,046	6,391	19,355
Other comprehensive income					
Exchange differences on translation of foreign operation		(460)	-	(461)	-
Other comprehensive income for the period, net of tax		(460)	-	(461)	-
Total comprehensive income for the period, net of tax		1,003	3,046	5,930	19,355
Profit for the period attributable to:					
Owners of the parent		1,471	2,839	6,404	15,565
Non-controlling interests		(8)	207	(13)	3,790
		1,463	3,046	6,391	19,355
Total comprehensive income for the period, net of tax attributable to:					
Owners of the parent		1,011	2,839	5,943	15,565
Non-controlling interests		(8)	207	(13)	3,790
		1,003	3,046	5,930	19,355
Earnings per share attributable to owners of the parent (sen per share):					
Basic	10	0.70	2.10	4.33	11.53
Diluted	10	0.70	2.10	4.33	11.53

The condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31.12.2012 RM'000	31.12.2011 RM'000 (restated)	01.01.2011 RM'000 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	11	64,633	56,520	55,200
Intangible assets	12	32,558	-	-
Land use rights		7,655	7,867	9,008
Deferred tax assets		832	-	-
Trade receivables		9,612	-	-
		115,290	64,387	64,208
Current assets				
Inventories		40,253	32,333	30,960
Trade and other receivables		125,547	135,074	129,228
Other current assets		11,464	30,715	6,569
Tax recoverable		-	64	-
Cash and bank balances	13	31,002	9,488	10,698
		208,266	207,674	177,455
Assets classified as held for sale		1,664	2,497	-
		209,930	210,171	177,455
TOTAL ASSETS		325,220	274,558	241,663
EQUITY AND LIABILITIES				
Current liabilities				
Borrowings	14	90,923	37,683	6,503
Trade and other payables		39,144	95,472	100,467
Other current liabilities		425	1,615	9,788
Tax payable		527	990	1,195
		131,019	135,760	117,953
Net current assets		78,911	74,411	59,502
Non-current liabilities				
Borrowings	14	32,107	-	-
Deferred tax liabilities		6,979	5,964	5,892
		39,086	5,964	5,892
Total liabilities		170,105	141,724	123,845
Net assets		155,115	132,834	117,818
Equity attributable to owners of the parent				
Share capital		77,625	67,500	67,500
Reverse acquisition reserve		(37,300)	(37,300)	(37,300)
Share premium		31,783	10,590	10,590
Foreign currency translation reserve		(461)	-	-
Revenue reserves		79,709	79,035	65,862
		151,356	119,825	106,652
Non-controlling interests		3,759	13,009	11,166
Total equity		155,115	132,834	117,818
TOTAL EQUITY AND LIABILITIES		325,220	274,558	241,663
Net assets per share attributable to owners of the parent (sen)		98	89	79

The condensed consolidated statements of financial position should be read in conjunction with the accompanying notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

				Attributable to owners of the parent					
				Non-distributable			Distributable	Non-distributable	
	Note	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Reverse acquisition reserve RM'000	Share premium RM'000	Revenue reserves RM'000	Foreign currency translation reserve RM'000	Non-controlling interests RM'000
At 1 January 2011		117,818	106,652	67,500	(37,300)	10,590	65,862	-	11,166
Total comprehensive income		19,355	15,565	-	-	-	15,565	-	3,790
Transactions with owners									
Acquisition of subsidiary company – adjustment on provisional amount		2,211	1,658	-	-	-	1,658	-	553
Dividends on ordinary shares		(6,550)	(4,050)	-	-	-	(4,050)	-	(2,500)
At 31 December 2011		132,834	119,825	67,500	(37,300)	10,590	79,035	-	13,009
At 1 January 2012		132,834	119,825	67,500	(37,300)	10,590	79,035	-	13,009
Total comprehensive income		5,930	5,943	-	-	-	6,404	(461)	(13)
Transactions with owners									
Shares issued for cash		35,476	32,501	10,125	-	22,376	-	-	2,975
Shares issuance expenses		(1,183)	(1,183)	-	-	(1,183)	-	-	-
Acquisition of subsidiary companies	5	(10,692)	1,020	-	-	-	1,020	-	(11,712)
Dividends on ordinary shares		(7,250)	(6,750)	-	-	-	(6,750)	-	(500)
At 31 December 2012		155,115	151,356	77,625	(37,300)	31,783	79,709	(461)	3,759

The condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Current year to date 31.12.2012 RM'000	Preceding year corresponding period 31.12.2011 RM'000
Operating activities			
Profit before tax		10,187	24,287
Adjustments for:			
Accretion of interest on hire purchase payables		(21)	-
Accretion of interest on trade receivables		(625)	-
Amortisation of land use rights		213	237
Amortisation of trade payables		(455)	(221)
Amortisation/impairment of intangible assets	12	3,239	-
Bad debt written off		-	34
Depreciation of property, plant and equipment		6,396	5,057
(Gain)/loss on disposal of property, plant and equipment		(201)	5
Interest expense		1,589	671
Interest income		(402)	(105)
Inventories written off		38	1,043
Provision for inventories obsolences		218	-
Property, plant and equipment written off		-	22
Allowance for impairment loss of trade receivables		968	267
Unrealised loss on foreign exchange		-	4
Operating cash flows before working capital changes		21,144	31,301
Changes in working capital:			
Increase in inventories		(8,177)	(2,416)
Decrease/(increase) in trade and other receivables		73,632	(6,147)
Decrease/(increase) in other current assets		19,252	(24,146)
Decrease in trade and other payables		(109,743)	(2,568)
Decrease in other current liabilities		(3,740)	(8,172)
Total changes in working capital		(28,776)	(43,449)
Cash used in operations		(7,632)	(12,148)
Interest received		387	105
Interest expense		(1,589)	(671)
Income taxes paid		(4,996)	(5,129)
Net cash used in operating activities		(13,830)	(17,843)
Investing activities			
Purchase of property, plant and equipment		(5,197)	(7,998)
Proceeds from disposal of property, plant and equipment		990	1
Net cash outflow on acquisition of subsidiary companies	5	(47,157)	-
Acquisition of non-controlling interests	5	(11,313)	-
Net cash used in investing activities		(62,677)	(7,997)

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

	Note	Current year to date 31.12.2012 RM'000	Preceding year corresponding period 31.12.2011 RM'000
Financing activities			
Dividend paid on ordinary shares		(7,250)	(6,550)
Proceeds from issuance of ordinary shares		35,476	-
Share issuance expenses		(1,183)	-
Net proceeds from borrowings		71,871	31,180
Repayment of obligation under finance lease		(432)	-
Net cash generated from financing activities		98,482	24,630
Net increase/(decrease) in cash and cash equivalents		21,975	(1,210)
Effects on exchange rate changes on cash and cash equivalents		(461)	-
Cash and cash equivalents at beginning of year		9,488	10,698
Cash and cash equivalents at end of year		31,002	9,488
Cash and cash equivalents comprise the following:			
Cash and bank balances		30,913	7,949
Deposit with licensed banks		89	1,539
Cash and cash equivalents	13	31,002	9,488

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING

1. Corporate information

Sarawak Cable Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 25 February 2013.

2. First time adoption of MFRS

These condensed consolidated interim financial statements, for the period ended 31 December 2012, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

The consolidated financial statements of the Group for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Company registered office at Lot 767, Block 8, Muara Tebas Land District, Demak Laut Industrial Estate, Phase III, Jalan Bako, 93050 Kuching, Sarawak.

These condensed consolidated interim financial statements are the Group's fourth MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out in Note 3 below. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

3. Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

3. Significant accounting policies and application of MFRS 1 (contd.)

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 *Business Combinations*, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

(i) The classification of former business combinations under FRS is maintained; and
(ii) There is no re-measurement of original fair values determined at the time of business combination.

(b) Property, plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, plant and Equipment which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group had recorded certain buildings at revalued amounts but had not adopted a policy of revaluation and continued to carry those buildings on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 *Property, Plant and Equipment*. At the date of transition to MFRS, the Group elected to:

- regard the revalued amounts of buildings as at 31 December 2007 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM452,000 (31 December 2011: RM452,000) was transferred to revenue reserves on date of transition of MFRS.

(c) Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

3. Significant accounting policies and application of MFRS 1 (contd.)

(i) Reconciliation of equity as at 1 January 2011

	FRS as at 1 January 2011 RM'000	Note 3 (b) Property, plant and equipment RM'000	MFRS as at 1 January 2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	55,200		55,200
Land use rights	9,008		9,008
	64,208		64,208
Current assets			
Inventories	30,960		30,960
Trade and other receivables	129,228		129,228
Other current assets	6,569		6,569
Cash and bank balances	10,698		10,698
	177,455		177,455
TOTAL ASSETS	241,663		241,663
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	6,503		6,503
Trade and other payables	100,467		100,467
Other current liabilities	9,788		9,788
Tax payable	1,195		1,195
	117,953		117,953
Net current assets	59,502		59,502
Non-current liabilities			
Deferred tax liabilities	5,892		5,892
Total liabilities	123,845		123,845
Net assets	117,818		117,818
Equity attributable to owners of the parent			
Share capital	67,500		67,500
Reverse acquisition reserve	(37,300)		(37,300)
Share premium	10,590		10,590
Revaluation reserve	452	(452)	-
Revenue reserves	65,410	452	65,862
	106,652		106,652
Non-controlling interests	11,166		11,166
Total equity	117,818		117,818
TOTAL EQUITY AND LIABILITIES	241,663		241,663

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PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING

3. Significant accounting policies and application of MFRS 1 (contd.)

(ii) Reconciliation of equity as at 31 December 2011

	FRS as at 31 December 2011 RM'000	Note 3 (b) Property, plant and equipment RM'000	MFRS as at 31 December 2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	56,520		56,520
Land use rights	7,867		7,867
	64,387		64,387
Current assets			
Inventories	32,333		32,333
Trade and other receivables	135,074		135,074
Other current assets	30,715		30,715
Tax recoverable	64		64
Cash and bank balances	9,488		9,488
	207,674		207,674
Assets held for sale	2,497		2,497
	210,171		210,171
TOTAL ASSETS	274,558		274,558
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	37,683		37,683
Trade and other payables	95,472		95,472
Other current liabilities	1,615		1,615
Tax payable	990		990
	135,760		135,760
Net current assets	74,411		74,411
Non-current liabilities			
Deferred tax liabilities	5,964		5,964
Total liabilities	141,724		141,724
Net assets	132,834		132,834
Equity attributable to owners of the parent			
Share capital	67,500		67,500
Reverse acquisition reserve	(37,300)		(37,300)
Share premium	10,590		10,590
Revaluation reserve	452	(452)	-
Revenue reserves	78,583	452	79,035
	119,825		119,825
Non-controlling interests	13,009		13,009
Total equity	132,834		132,834
TOTAL EQUITY AND LIABILITIES	274,558		274,558

4. Changes in estimates

There were no changes in estimates that have had a material effect in the current interim results.

5. Changes in composition of the Group

Acquisition of non-controlling interests

Since the Group entered into a Share Sale Agreement on 8 August 2011 to acquire an additional 25% equity interest in Sarwaja Timur Sdn Bhd ("STSB"), the Company has obtained full management control. The Group acquired the additional equity interest from its non-controlling interests for a cash consideration of RM 11.3 million.

Under the condensed consolidated interim financial statements, the entire profits attributable to STSB were accounted effective 1 January 2012, by virtue of full management control obtained by the Company in STSB. The difference between the consideration and the book value of the interest acquired of RM1.0 million is reflected in equity under revenue reserves.

Acquisition of the entire equity interest in Trenergy Infrastructure Sdn Bhd ("TISB")

On 3 August 2012, the Group entered into a Share Sale Agreement to acquire the entire equity interest in TISB, a company in the business of general contractors and infrastructure development. The acquisition of TISB is a strategic move by the Group to expand and complement its existing range of products and services in the power transmission and distribution industry from the supply and manufacture of power cables, wires and steel structures to the construction, installation and commissioning of power transmission and distribution lines by increasing its market presence and foothold in the power transmission industry.

The acquisition has been accounted for using the acquisition method. The condensed consolidated interim financial statements include the results of TISB effective 3 August 2012 by virtue of management control obtained by the Company in TISB.

The provisional fair values of the identifiable assets and liabilities of TISB as at the date of acquisition were:

	Fair value recognised on acquisition RM'000
Assets	
Property, plant and equipment	8,357
Intangible assets (Note 12)	9,917
Trade and other receivables	74,044
Tax recoverable	2,018
Cash and cash equivalents	18,827
	113,163
Liabilities	
Borrowings	13,776
Trade and other payables	54,023
Deferred tax liabilities	3,794
	71,593

5. Changes in composition of the Group (contd.)

Acquisition of the entire equity interest in Trenergy Infrastructure Sdn Bhd ("TISB") (contd.)

The provisional fair values of the identifiable assets and liabilities of TISB as at the date of acquisition were (contd.):

	Fair value recognised on acquisition RM'000
Net identifiable assets	41,570
Goodwill on consolidation (Note 12)	23,430
Purchase consideration transferred	65,000
Analysis of cash flows on acquisition:	
Net cash acquired	18,827
Cash paid	(65,000)
Net cash outflow	(46,173)

From the date of acquisition, TISB has contributed RM 53.1 million of revenue and RM 3.8 million to the net profit before tax of the Group.

The goodwill recognised above is attributed to the expected synergies and other benefits from combining the assets and activities of TISB with those of the Group. None of the recognised goodwill is expected to be deductible for income tax purposes.

The transaction costs of RM 1.2 million incurred for the acquisition of an additional equity interest in STSB and the entire equity interest in TISB have been expensed and are included in administrative expenses in the statement of comprehensive income and are part of the operating cash flows in the statement of cash flows.

Acquisition of 65% equity interest in PT. Inpola Mitra Elektrindo ("IME")

On 30 January 2012, the Group acquired 65% equity interest in IME. IME is a limited liability company duly established under the laws of the Republic of Indonesia, and having its registered office at Gedung Taluson Lt. 4, J1. TP Soeroso No. 30, Menteng, Jakarta Pusat 10330, Indonesia.

IME was awarded a Power Purchase Agreement on 23 September 2010 by PT Perusahaan Listrik Negara ("PLN") Persero to design, finance and construct a mini hydro power plant in the North Sumatra area. The construction is expected to commence in 2013 and completed by 2015.

The on-going billing of electricity purchased by PLN upon the completion of the construction, for a period of twenty (20) years with renewable concession will contribute positively to the Group's revenue and profit would therefore enhance future growth potential and earnings of the Group.

5. Changes in composition of the Group (contd.)

Acquisition of 65% equity interest in PT. Inpola Mitra Elektrindo ("IME")

The acquisition has been accounted for using the acquisition method. The condensed consolidated interim financial statements include the results of IME effective 30 January 2012, being the date of acquisition.

The provisional fair values of the identifiable assets and liabilities of IME as at the date of acquisition were:

	Fair value recognised on acquisition RM'000
Assets	
Property, plant and equipment	911
Intangible asset (Note 12)	2,450
Deferred tax asset	793
Cash and cash equivalents	170
	4,324
Liabilities	
Other current liabilities	(2,550)
Net identifiable assets	1,774
Non-controlling interests	(621)
Purchase consideration transferred	1,153
Analysis of cash flows on acquisition:	
Net cash acquired	170
Cash paid	(1,153)
New cash outflow	(983)

The transaction costs of RM102,300 have been expensed and are included in administrative expenses in the statement of comprehensive income and are part of the operating cash flows in the statement of cash flows.

6. Segment information

	Sale of power cables and conductors		Sale of galvanised steel products and transmission tower		Contract revenue		Corporate		Total		Adjustments/ elimination		Per condensed consolidated financial statements	
	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000
Revenue														
External customers	93,713	123,488	58,735	56,966	116,128	187,856	-	-	268,576	368,310	-	-	268,576	368,310
Inter-segment	16,191	406	278	55	5,181	-	9,250	17,100	30,900	17,561	(30,900)	(17,561)	-	-
Total revenue	109,904	123,894	59,013	57,021	121,309	187,856	9,250	17,100	299,476	385,871	(30,900)	(17,561)	268,576	368,310
Segment profit/(loss) (Note A)	2,896	5,384	3,008	7,537	10,618	9,575	2,656	13,117	19,178	35,613	(8,991)	(11,326)	10,187	24,287

Note A

Segment profit is reconciled to profit before tax presented in the condensed consolidated statement of comprehensive income as follows:

	31 December 2012 RM'000	31 December 2011 RM'000
Segment profit	11,800	24,980
Finance costs	(1,589)	(671)
Unallocated corporate expenses	(24)	(22)
Profit before tax	10,187	24,287

6. Segment information (contd.)

The Group is organised into business units based on their products and services, and has four operating segments as follows:

(a) The sale of power cables and conductors segment supplies power cables and conductors components to consumers.

(b) The sale of galvanised steel products and transmission tower segment supplies galvanised steel products and transmission towers. It also offers galvanising services.

(c) The contract revenue segment involves supply, installation and commissioning of transmission line projects.

(d) The corporate segment is involved in Group-level corporate and management services.

There have been no material changes in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

Power cable and conductors

The sale of power cables and conductors segment contributed 35% (31 December 2011: 34%) of the revenue of the Group and 28% (31 December 2011: 22%) of the operating profit of the Group.

The operations for this segment are mainly concentrated in East Malaysia.

Segment revenue of RM 93.7 million for the fourth quarter of 2012 declined when compared to RM 123.5 million for the corresponding quarter in 2011. The slow market demand for power cables and conductors has led to a decrease in sale of power cables and conductors for the fourth quarter ended 31 December 2012. The demand for power cables and conductors, however, continues to be encouraging.

Operating costs have remained fairly consistent with the corresponding quarter of 2011.

The decline in revenue has adversely affected the operating profit for this segment of RM 2.9 million as compared to RM 5.4 million in the corresponding quarter of 2011.

The Group remains positive that the strengthening economy and anticipated plans by the State of Sarawak under its utilities and infrastructure sector, the demand for power cables and conductors will continue to grow.

Galvanised steel products and transmission tower

The sale of galvanised steel products and transmission tower segment contributed 22% (31 December 2011: 15%) of the revenue of the Group and 30% (31 December 2011: 31%) of the operating profit of the Group.

The Group's subsidiary whose sales and services are in this segment, concentrates mainly in East Malaysia. The subsidiary is the leading and one of the established galvanisers in the State of Sarawak.

6. Segment information (contd.)

Galvanised steel products and transmission tower (contd.)

Segment revenue of RM 58.7 million for the fourth quarter of 2012 increased by 3% when compared to RM 56.9 million for the corresponding quarter in 2011. Operating costs have remained fairly consistent with the corresponding quarter of 2011.

Operating profit for this segment of RM 3.0 million has decreased by 60% as compared to RM 7.5 million in the corresponding quarter of 2011.

Although performance in this segment has declined, the Group remains confident that with the plans by the State of Sarawak under its utilities and infrastructure sector, the demand for galvanised steel products and transmission tower will continue to improve.

Contract revenue

The contract revenue segment is one of the Group's main source of revenue and operating profit, contributing 43% (31 December 2011: 51%) of the revenue of the Group.

Segment revenue of RM 116.1 million for the fourth quarter of 2012 decreased when compared to RM 187.9 million for the corresponding quarter in 2011. Operating costs have remained fairly consistent with the corresponding quarter of 2011.

The Group remains positive in this segment as the enlarge Group will be able to capitalise on the Group's development plans for the power transmission industry especially with the inclusion of TISB, which enables the Group to expand market coverage from the State of Sarawak to Peninsular Malaysia as well as the State of Sabah.

Operating profit for this segment of RM 10.6 million has increased by 11% as compared to RM 9.6 million in the corresponding quarter of 2011. The increase is because of the inclusion of contract profit from TISB.

Corporate

The corporate segment provides management services to its subsidiaries.

Consolidated profit before tax

The Group's current quarter profit before tax of RM 2.5 million (31 December 2011: RM 2.3 million) has increased by 6%.

Other income has increased by 360% compared to the corresponding quarter of 2011 due to recovery of bad debts amounting to RM 3.1 million, and accretion of interest on trade receivables and hire purchase payables amounting to RM 0.6 million.

Other operating expenses have increased by 457% compared to the corresponding quarter of 2011 principally due to the impairment of intangible assets (contracts awarded) amounting to RM 3.2 million (see Note 12) and allowance for impairment loss of trade receivables amounting to RM 0.9 million (see Note 8).

The main factors which have affected the current quarter's profit before tax have been discussed above.

PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING

7. Seasonality of operations

The Group's operations were not significantly affected by seasonal or cyclical factors.

8. Profit before tax

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 December 2012 RM'000	31 December 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000
Interest income	(331)	(4)	(402)	(105)
Interest expense	237	262	1,589	671
Depreciation of property, plant and equipment	1,838	1,290	6,396	5,057
Amortisation of land use rights	53	111	213	237
Amortisation/impairment of intangible assets	3,239	-	3,239	-
Allowance for impairment loss of trade receivables	941	108	968	267
Inventories written off	38	7	38	1,043

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 December 2012 RM'000	31 December 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000
Malaysian taxation				
Current year	3,944	(338)	6,001	4,750
Under-provision of income tax in respect of previous years	120	(352)	506	110
Deferred tax	(3,075)	(33)	(2,711)	72
	989	(723)	3,796	4,932

The effective tax rate for the current reporting quarter and year is higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes.

The effective tax rate for the previous reporting quarter and year ended 31 December 2011 was lower than the statutory tax rate mainly due to utilisation of capital and reinvestment allowance.

10. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares held by the Company.

The Group has no potential ordinary shares in issue as at the balance sheet date and therefore, diluted earnings per share is presented as equal to basic earnings per share.

10. Earnings per share (contd.)

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

	Current year quarter		Current year to date	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Profit net of tax attributable to owners of the parent used in the computation of earnings per shares (RM'000)	1,011	2,839	5,943	15,565
Weighted average number of ordinary shares in issue ('000)	144,245	135,000	137,330	135,000
Basic earnings per share (sen per share)	0.70	2.10	4.33	11.53
Diluted earnings per share (sen per share)	0.70	2.10	4.33	11.53

11. Property, plant and equipment

During the year ended 31 December 2012, the Group acquired assets at the cost of RM5.2 million (31 December 2011: RM7.9 million), excluding property, plant and equipment acquired through business combination (see Note 5).

12. Intangible assets

	Note	Goodwill	Contracts awarded	Power purchase agreement	Total
		RM'000	RM'000	RM'000	RM'000
Cost:					
At 1 January 2011/31 December 2011/ 1 January 2012		-	-	-	-
Acquisition of subsidiary companies	5	23,430	9,917	2,450	35,797
At 31December 2011 and 31 December 2012		23,430	9,917	2,450	35,797
Accumulated amortisation/impairment:					
At 1 January 2011/31 December 2011/ 1 January 2012		-	-	-	-
Impairment	8	-	3,239	-	3,239
At 31December 2011 and 31 December 2012		-	3,239	-	3,239
Net carrying amount:					
At 1 January 2011		-	-	-	-
At 31 December 2011		-	-	-	-
At 31 December 2012		23,430	6,678	2,450	32,558

12. Intangible assets (contd.)

Goodwill

Goodwill will be tested for impairment annually (31 December) and when circumstances indicate that the carrying value may be impaired.

The Group's impairment test for goodwill is based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

The Group considers the relationship between its market capitalisation and its book value, among other factors when reviewing indicators for impairment.

The calculations of value-in-use are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on average values achieved in the years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency movements.

Pre-tax discount rates – Discount rates reflect the current market assessment of the risk. In determining appropriate discount rates, regard has been given to average growth rate for the relevant industry.

As at the current financial period, the management did not identify impairment for cash-generating unit to which goodwill is allocated.

Contracts awarded

Contracts awarded relate to contract revenue awarded that were acquired in business combination. The contracts awarded classified as intangible asset will be amortised based on the percentage of completion of the respective contract.

Power purchase agreement

Power purchase agreement relates to an agreement whereby the customer who awards the holder of the agreement a guarantee that the customer will purchase power produced by the holder for a period of twenty (20) years. The amortisation period of twenty (20) years will commence when the plant is commissioned.

13. Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Cash in hand and at banks	30,913	7,949	3,653
Deposit with:			
Licensed banks	89	1,539	7,045
Total cash and cash equivalents	31,002	9,488	10,698

14. Interest-bearing loans and borrowings

	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Short term borrowings			
Secured	51,745	12,705	1,613
Unsecured	39,178	24,978	4,890
	90,923	37,683	6,503
Long term borrowings			
Secured	32,107	-	-
	123,030	37,683	6,503

15. Dividends

A final single tier dividend of 2.5 sen (2011: first and final dividend of 3.0 sen) per ordinary share in respect of the financial year ending 31 December 2011 was approved by shareholders at an Annual General Meeting held on 11 June 2012. The dividend was paid on 27 July 2012.

16. Commitments

	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Capital expenditure			
Approved and contracted for:			
Property, plant and equipment	-	153	593
Approved but not contracted for:			
Property, plant and equipment	13,708	9,993	8,757
	13,708	10,146	9,350

17. Contingencies

There were no contingencies as at the end of the current financial quarter.

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PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

18. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the year ended 31 December 2012 and 31 December 2011 as well as the balances with the related parties as at 31 December 2012 and 31 December 2011:

		December		December	
		Sales to related parties RM'000	**Purchases from related parties RM'000**	**Amounts owed by related parties RM'000**	**Amounts owed to related parties RM'000**
Transactions with subsidiaries of Sarawak Energy Berhad:					
Sarawak Energy Berhad	2012	64,575	-	36,497	-
	2011	61,696	-	29,538	-
Syarikat SESCO Berhad	2012	16,642	8	5,668	-
	2011	123,326	-	34,745	-
Transactions with subsidiaries of Leader Universal Holdings Berhad:					
Alpha Industries Sdn. Bhd.	2012	-	12,290	-	1,015
	2011		3,818	-	-
Leader Universal Aluminium Sdn. Bhd.	2012	-	11,470	-	987
	2011	-	-	-	-
Universal Cable (M) Berhad	2012	-	10,366	-	699
	2011	-	43,705	-	16,513
Austin Corp. (Malaysia) Sdn. Bhd.	2012	-	5,469	-	1,563
	2011	-	16,987	-	8,529

19. Review of performance

Explanatory comment on the performance of each of the Group's business activities is provided in Note 6.

20. Comment on material change in profit before taxation

The profit before taxation for the quarter ended 31 December 2012 is 8% lower than the immediate preceding quarter mainly due to expenses incurred in the current quarter as explained in Note 6.

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

21. Commentary on prospects

Outlook of utilities and infrastructure sections
The Sarawak Corridor of Renewable Energy ("**SCORE**") is one of the 5 regional development corridors being developed throughout the country. SCORE is a major initiative undertaken to develop the Central Region of Sarawak and transform Sarawak into a developed state by year 2020. It aims to achieve the goals of accelerating the State of Sarawak's economic growth and development, as well as improving the quality of life for the people of Sarawak.

The core of the SCORE is its energy resources (28,000 MW), particularly hydropower (20,000 MW), coal (5,000 MW) and others (3,000 MW). This will allow Sarawak to price its energy competitively and encourage investments in power generation and energy-intensive industries that will act as triggers for the development of a vibrant industrial development in SCORE. The distribution of investment is RM267 billion (80%) in industries and power while RM67 billion (20%) in physical infrastructure, human capital and institutional infrastructure.

(Source: www.sarawakscore.com.my)

One of the National Key Result Areas announced by the Government under the Government Transformation Programme is the improvement to rural basic infrastructure to serve the rural population which includes:

- Providing access to 24-hour electricity to 95% of households in Sabah and Sarawak by 2015. Currently, only 88.7% and 82.7% of households in Sabah and Sarawak respectively are supplied with 24-hour electricity.

- Connecting schools in rural areas to the main grid to reduce their dependence on diesel generators thereby lessening their fuel cost and ensuring that there is a more stable supply of electricity. Hybrid systems will also be used to deliver electricity to rural households.

(Source: www.pemandu.gov.my)

Group's prospects

The Government has increased its focus on development of rural areas in Malaysia, particularly in Sarawak, by the implementation of rural electricity projects and development of heavy industries. This will expand the requirement for electricity generation and power distribution capacity, thereby increasing the demand of electricity supply that will translate into a continuous and strong demand for power cables and conductors, and steel products and transmission towers. This augurs well for companies such as our Group, which are operating in the power transmission business.

While some of our operations may not have met the Group's target, we believe that our strategy for our future prospects and growth bodes well with the Government's focus on development in the rural areas. Overall, the Group's strategy remains focused on growing its power cables, steel products and contract revenue segments, with a view to achieve improving performance in the financial year ending 31 December 2013.

22. Profit forecast or profit guarantee

Not applicable as the Group did not publish any profit forecast or profit guarantee.

23. Corporate proposals

There are no corporate proposals at the date of issue of these financial statements.

SARAWAK CABLE BERHAD
(456400-V)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

24. Changes in material litigation

There were no material litigation during the current financial period up to the date of this quarterly report.

25. Dividends payable

The Board of Directors proposes to recommend for shareholders' approval at the forthcoming Annual General Meeting a final single-tier dividend of 2.5 sen (2011: 2.5 sen) per ordinary share in respect of the financial year ended 31 December 2012, to be paid on a date to be determined later.

26. Disclosure of nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

27. Risks and policies of derivatives

The Group did not enter into any derivatives during the year ended 31 December 2012 or the previous financial year ended 31 December 2011.

28. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 December 2012 and 31 December 2011.

29. Breakdown of realised and unrealised profits or losses

The breakdown of the revenue reserves of the Group as at 31 December 2012 and 31 December 2011 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 24 March 2010 and 20 December 2010, prepared in accordance with *Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Current quarter ended 31 December 2012 RM'000	**Previous financial year ended 31 December 2011 RM'000**
Total revenue reserves of the Company and its subsidiaries:		
Realised	114,972	84,002
Unrealised	(4,322)	(2,032)
	110,650	81,970
Less: Consolidation adjustments	(30,941)	(2,935)
Revenue reserves as per financial statements	79,709	79,035

30. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

31. Authorised for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 February 2013.

By order of the Board

Chai Chin Foh
Joint Company Secretary
28 February 2013